

**REGISTRATION FORM
FOR ONLINE
INVITATION FOR BIDS (IFBs)**

- Companies interested in participating in this solicitation must first register participation by completing and submitting this Registration Form.
- This form must be e-mailed to Connie.Chun@notes.k12.hi.us or faxed to (808) 675-0133 prior to the deadline for bid submittal.
- Failure to register may result in the Company not receiving any addenda and/or other procurement notices; the Company's offer may therefore be rejected and not considered for award.
- After registration, Companies shall then complete and submit to the DOE **a hard copy of the bid**, in accordance with the instructions contained in the solicitation.

IFB Number:	IFB D11-065
IFB Title:	Classroom Cleaning Services at James B. Castle High School
IFB Deadline:	November 17, 2010
Name of Company:	
Mailing Address:	
Name of Contact Person:	
Contact's Email Address:	
Telephone No. / Facsimile No.:	

DEPARTMENT OF EDUCATION
PROCUREMENT & CONTRACTS BRANCH

November 4, 2010

INVITATION FOR BIDS

No. IFB D11-065

SEALED BIDS

TO FURNISH

CLASSROOM CLEANING SERVICES

AT JAMES B. CASTLE HIGH SCHOOL

will be received up to and opened at 2:00 p.m. (HST)

on

November 17, 2010

in the Department of Education, Procurement and Contracts Branch, Waipahu Civic Center,
94-275 Mokuola Street, Room 200, Waipahu, Hawaii 96797.

Questions relating to this bid solicitation may be directed to Ms. Connie Chun at telephone
(808) 675-0130, via facsimile (808) 675-0133, or via email at Connie.Chun@notes.k12.hi.us.

Name of Company

**CLASSROOM CLEANING SERVICES
AT JAMES B. CASTLE HIGH SCHOOL
IFB D11-065**

Chief Procurement Officer
State of Hawaii, Department of Education
Honolulu, Hawaii 96813

To Whom It May Concern:

The undersigned has carefully read and understands the terms and conditions specified in the Specifications, Special Conditions, and General Conditions, attached hereto and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof. The undersigned further understands and agrees that by submitting this offer, 1) he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

The undersigned represents: **(Check ☒ one only)**

- ☐ A **Hawaii business** incorporated or organized under the laws of the State of Hawaii; **OR**
- ☐ A **Compliant Non-Hawaii business** not incorporated or organized under the laws of the State of Hawaii, but registered at the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division to do business in the State of Hawaii.

State of incorporation: _____

Bidder is:

☐ Sole Proprietor ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Other _____

Federal I.D. No.: _____ Hawaii General Excise Tax License I.D. No.: _____

Payment address (other than street address below): _____

City, State, Zip Code: _____

Business address (street address): _____

City, State, Zip Code: _____

Date: _____

Respectfully submitted:

Telephone No.: _____

Authorized (Original) Signature

Fax No.: _____

Name and Title (Type or Print)

E-mail Address: _____

* _____
Exact Legal Name of Company (Bidder)

*If Bidder is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the awarded contract will be executed: _____

OFFER
IFB D11-065

The following bid for furnishing Classroom Cleaning Services at James B. Castle High School is hereby submitted:

		(a)	(b)	(c)	(d)	(a x b x c x d)
Item	Description	Est. No. of Classrooms	Est. No. of Service Days/Month	Est. No. of Months	Unit Bid Price	TOTAL BID PRICE
1	Sweeping/ Vacuuming Trash removal	80 classrooms	12 days	10 months	\$	\$
2	Dusting Wet mopping	80 classrooms	4 days	10 months	\$	\$
	TOTAL SUM BID PRICE, Items 1 and 2:					\$

A. Bidder shall provide the following **Company Information**:

Contact Name: _____

Street Address (on Oahu): _____

E-mail Address: _____

Office Telephone: _____ Cell Telephone: _____

Fax No: _____ (Answering service/machine is not acceptable)

B. Bidder shall provide information regarding **Company Experience**:

Number of consecutive years of experience (immediately prior to bid opening date) in cleaning services:

C. Bidder shall list at least three **References** in the State of Hawaii (other than the State of Hawaii government) to whom Bidder has or is currently providing cleaning services on a regular basis, that is similar in scope and price to the services specified in this bid. The DOE reserves the right to contact these references and to reject the bid of any Bidder whose performance on other similar projects jobs has proven unsatisfactory.

	<u>Name</u>	<u>Address</u>	<u>Contact</u>	<u>Telephone</u>	<u>Annual Value</u>
1.	_____	_____	_____	_____	\$ _____
2.	_____	_____	_____	_____	\$ _____
3.	_____	_____	_____	_____	\$ _____

D. Bidder shall provide the following **Insurance** information:

	<u>Carrier</u>	<u>Policy No.</u>	<u>Agent</u>
1. Commercial General Liability	_____	_____	_____
2. Worker's Compensation	_____	_____	_____
3. Temporary Disability	_____	_____	_____
4. Prepaid Health Care	_____	_____	_____
5. Unemployment Insurance: State of Hawaii I.D. No.	_____		

SPECIFICATIONS

GENERAL

Contractor shall provide Classroom Cleaning Services at James B. Castle High School (hereafter referred to as "JBCHS"). Services to be provided shall include all labor, supervision, equipment, materials and supplies, and any other services necessary to clean the classrooms in accordance with these Specifications, the Special Conditions, and the General Conditions.

At any point during the contract period, in the event DOE employees become available to perform any or all work specified herein, the Contract Administrator reserves the right to decrease the scope of work accordingly.

SAFETY PRECAUTIONS

The Contractor shall perform the work in a safe and cautious manner. The Contractor shall comply with all applicable safety regulations promulgated by OSHA, EPA and other governmental agencies.

The Contractor shall exercise caution during the execution of the work to prevent damage to any of the buildings, structures or landscaping. Contractor shall restore all damage caused by the Contractor's negligence and at the Contractor's own expense, upon request by the DOE.

SECURITY REQUIREMENTS

The Contractor must be aware of the security requirements at all DOE facilities. The Contractor must be aware of and must report to the CA any suspicious activity or obvious breach of security in relation to or during the course of the work. The report must contain as much detailed information as possible. The Contractor must keep their work areas closed and secure, before, during and after performing work; any doors/gates left open and unsecured may be liable for security breaches.

Contractor shall be responsible for classrooms and contents while providing services.

The DOE reserves the right to request the Contractor to provide background security checks for any employee assigned to this service this contract. Any employee found to have a history of sexual abuse, drug abuse or felony conviction shall not be allowed on school premises or to perform the work under this contract.

The Contractor's vehicles and personnel shall be properly identified with the Contractor's name, using company signage/logos, uniforms, name tags or identification cards as appropriate to comply with this requirement. The Contractor shall permit only Contractor's employees on campus to provide the services under the contract.

The DOE reserves the right to require the Contractor to remove any employee, agent, subcontractor or volunteer and to forbid that person from performing work under this contract. The Contract Administrator shall notify the Contractor in writing and this exclusion of a specific worker shall take effect as indicated on the notice. The Contractor may appeal this decision to the Contract Administrator; the appeal shall be filed in writing within ten (10) working days of receipt of the notice. Removal of the employee, agent, subcontractor or volunteer shall remain in effect pending the outcome of the appeal. This provision shall not infringe upon the right of the Contractor to employ the removed individual, but shall apply to any work requiring interaction with the DOE, its employees or students.

SCOPE

JBCHS is located on 32 acres in Windward Oahu. The school has 26 buildings with a total of 94 classrooms. JBCHS requires cleaning of 80 classrooms, 4 of which are split in half to accommodate 2 teachers. The school reserves the right to add new classrooms to the contract.

CLASSROOM LOCATIONS

Bidders shall refer to Attachment 1 which is a map of JBCHS campus.

WORK SCHEDULE

Services will be performed on those Mondays, Wednesdays, & Fridays when school is in session. No services are required on weekends, holidays, or during vacations/intercessions/breaks. Work shall be done at the end of the school day, between 4:00 pm and 6:00 pm. JBCHS shall provide the Contractor the exact school schedule prior to commencement of work.

DESCRIPTION OF WORK

Services shall be provided with minimum interruption to the school employees' regular course of business. The Contractor shall maintain a regular systematic cleaning and inspection of the premises and shall perform all work in a professional manner. Upon award of contract, Contractor shall meet and discuss services with the Officer-in-Charge to clarify duties and responsibilities under this agreement.

The Contractor shall furnish all cleaning materials, supplies and equipment, including but not limited to vacuum cleaners, brooms, mops, buckets, dust pans, brushes, dusters, sponges, garbage bags, trash can liners, and cleaning solutions necessary to perform the specified services. **Use of blowers shall not be allowed.**

During school breaks or intercessions, the custodial and cafeteria staff members perform the stripping and waxing of floors as well as carpet shampooing. Classroom cleaning services under this contract shall therefore include sweeping, vacuuming, wet mopping, dusting, and trash disposal as follows:

1. Sweeping/Vacuuming

- a. Contractor shall sweep or vacuum all classrooms, including under and around all classroom furnishings. Of the 80 classrooms included under this contract, only one (1) classroom is carpeted.
- b. Contractor shall replace all moved furniture and equipment to the proper location.
- c. This service shall be provided three (3) times per week, on Mondays, Wednesdays, and Fridays.

2. Trash

- a. Contractor shall empty and reline all wastebaskets with plastic liners.
- b. Contractor shall collect and remove all trash for disposal in the school's refuse collection bins. The school shall provide the Contractor with a key to the trash bins.
- c. This service shall be provided three (3) times per week, on Mondays, Wednesdays, and Fridays.

3. Dusting

- a. Contractor shall dust, vacuum, and/or spot clean as applicable horizontal surfaces of desks, files, cabinets, shelves, bookcases, tables, window sills, and doors. Contractor shall clean glass surfaces, if any.

- b. Contractor shall lightly dust all equipment and telephones and sanitize telephone receivers.
- c. Contractor shall spot clean walls and doors within approximately 70-inches from floor.
- d. Contractor shall not disturb papers, books, or other materials on desks, tables, files, etc.
- e. This service shall be provided one (1) time per week, on either Mondays, Wednesdays, or Fridays.

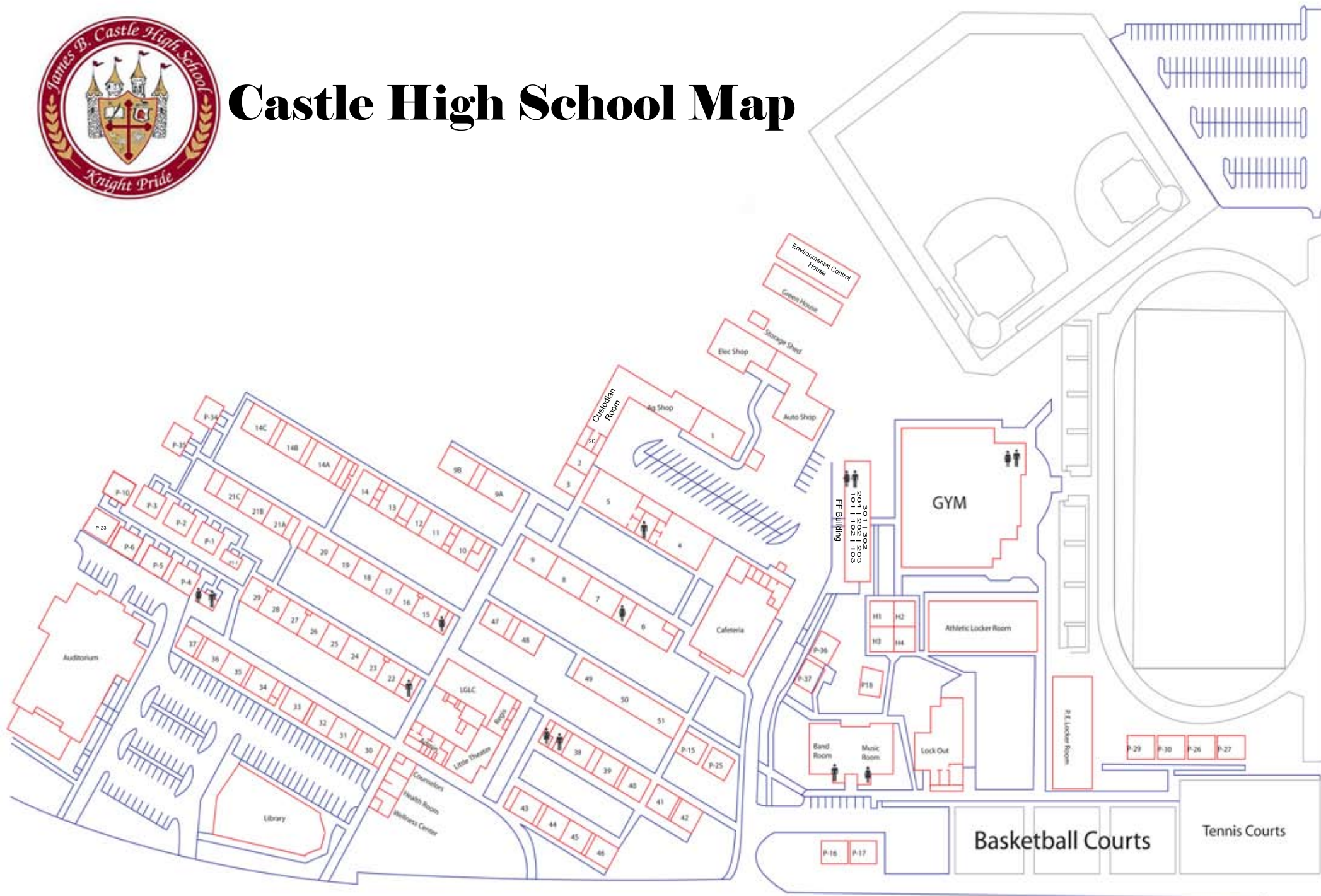
4. Wet Mopping

- a. Contractor shall wet mop all classrooms with tiled floors, including under and around all classroom furnishings.
- b. Contractor shall replace all moved furniture and equipment to the proper location
- c. This service shall be provided one (1) time per week, on either Mondays, Wednesdays, or Fridays.

KEYS

The Contractor shall obtain a master key from the school's administration office prior to each day's cleaning. The key shall be returned to a locked drop box in the Custodian Room at the end of each day's cleaning.

The Contractor shall be responsible for all keys loaned to Contractor for entry and exit from the school's premises while performing services under this contract. The Contractor shall return all keys on a daily basis. The Contractor shall notify the Officer-in-Charge immediately if any keys are lost; in that event, the Contractor shall be charged for lock and key replacement.



SPECIAL CONDITIONS

GENERAL INFORMATION

1. Addenda and Interpretations

Discrepancies, omissions, or questions related to this solicitation shall be communicated in writing to the DOE via facsimile at (808) 675-0133 or e-mail to Connie.Chun@notes.k12.hi.us for interpretation and must be received no later than five (5) calendar days prior to the date fixed for bid opening.

Interpretation(s) if any and any supplemental instructions will be in the form of written addenda that will be made available to all prospective and pre-registered Bidders prior to the date fixed for the opening of bids. Failure of any Bidder to receive any such addenda or interpretations shall not relieve the Bidder of any obligation under this solicitation. All addenda issued shall be incorporated into the resulting contract.

2. Scope

The furnishing of Classroom Cleaning Services at James B. Castle High School as described and specified herein shall be in accordance with these Special Conditions, the Specifications, and the General Conditions.

3. Contract Administrator

For purposes of this contract, Mr. Meredith Maeda, Principal, or his successor is designated Contract Administrator (hereafter referred to as "CA"). He can be contacted by telephone at (808) 233-5600 or via email at Meredith_Maeda@notes.k12.hi.us.

The CA is responsible for:

- the terms, conditions, quantities, specifications, scope of services, other contract terms, and all decisions relating to the contract;
- monitoring the Contractor's work, documenting that Contractor maintains the required insurance coverage, resolving contract disputes and discrepancies, evaluating the work of the Contractor, assuring the services are performed as required in the contract, and processing payment for services rendered; and
- notifying the Procurement and Contracts Branch in the event of change in scope of work, change in the performance period, increase or decrease in total compensation, and/or changes in any other contract terms.

The CA has designated Ms. Kathy Kahikina as the Point-of-Contact (POC) for this contract. The POC should be the initial contact on all matters related to this contract. She can be contacted at (808)233-5600, ext. 2201 or via e-mail at Kathy_Kahikina@notes.k12.hi.us.

4. Contract Period

Work under this contract shall commence on January 1, 2011 and shall remain in effect until December 31, 2011, subject to availability of funds as specified in the General Conditions.

Beyond December 31, 2011, this contract may be extended for not more than two (2) additional one-year periods upon mutual written agreement of the parties, prior to expiration. As each option(s) to extend is mutually agreed upon, the Contractor shall be required to execute a supplement to the contract for each additional period. The contract price for the extended period shall remain the same or lower than the initial contract price.

It is understood and agreed that prior to executing any contract extension(s), the school shall first survey DOE employees to determine whether or not any or all work specified herein should be performed by DOE employees.

BIDDER INFORMATION

5. Bidder's Authority to Bid

The DOE will not participate in determinations regarding a bidder's authority to sell a service. If there are any questions or doubts regarding a bidder's right or ability to obtain and sell a service, the bidder should resolve those issues prior to submitting a bid. If the bidder's offer meets specifications and is acceptable and the bid price submitted is the lowest bid, the contract will be awarded to that bidder.

6. Bidder Qualification

In addition to meeting legal and any other requirements of this solicitation, bidder must meet these qualifications to be considered for award.

Office/Service Location

At the time of bid opening and throughout the life of the contract, the Bidder must have a permanent business on the island of Oahu from where the bidder conducts business and must be accessible to telephone calls, complaints or emergency service requests requiring immediate attention (answering machine or service is not acceptable) and from where the service personnel are dispatched to perform the work specified in this contract. Company information shall be furnished on the appropriate OFFER page.

Work Experience.

Bidder shall have a minimum of two (2) consecutive years of experience (immediately prior to the bid opening date) in the business of cleaning services. Bidders must be able to produce documentation to substantiate their claim of experience in this area.

References

Bidder shall provide the names of at least three (3) references with whom Bidder has done business in the past and who can attest to the quality level and reliability of all aspects of Bidder's work and service. The DOE reserves the right to contact these references to verify Bidder's quality level and reliability.

7. Site Inspection

Prior to submittal of a bid, Bidder may inspect the school to thoroughly familiarize themselves with existing conditions and the amount and kind of work to be performed, specifically the location and condition of the classrooms, access to the rooms, and location of trash bins. Submission of a bid shall be evidence that Bidder understands the scope of work and shall comply with these specifications. No additional compensation will be made by reason of any misunderstanding or error regarding conditions at the service areas or the amount and kind of work to be performed. Bidder(s) interested in participating in a site inspection prior to submitting a bid must contact Kathy Kahikina to schedule an appointment.

8. Responsibility of Bidders

Bidder is advised that if awarded a contract under this solicitation, Bidder must furnish proof of compliance with the requirements of §103D-310(c), HRS as a pre-requisite to receiving a contract:

1. Chapter 237, tax clearance;
2. Chapter 383, unemployment insurance;
3. Chapter 386, workers' compensation;
4. Chapter 392, temporary disability insurance;
5. Chapter 393, prepaid health care; and
6. Chapter 103D-310(c), Certificate of Good Standing (COGS) for entities doing business in the State.

Bidder should refer to the "Award of Contract" provision for further information regarding the above-mentioned requirements.

BID PREPARATION

9. Offer Page OF-1. Bidder is requested to submit the bid under the company's exact legal name as registered with the Department of Commerce and Consumer Affairs, if applicable, and to indicate exact legal name in the appropriate space on Offer Page OF-1. Failure to do so may delay proper execution of the contract.

The authorized signature on the Offer Page OF-1 shall be an original signature in ink. If unsigned or if the affixed signature is a facsimile or a photocopy, the offer shall be automatically rejected unless accompanied by other material, containing an original signature, indicating the Bidder's intent to be bound.

10. Taxable Transaction. Unless the HRS exempts a person from paying the applicable general excise The "State of Hawaii Information on Hawaii State Taxes Administered by the Department of Taxation", Publication-1 (Revised 2005) is included herein by reference and available online at <http://www.state.hi.us/tax/pubs/pub1.pdf>.

11. Tax Exempt Transaction. If, however, a Bidder is a person exempt by the HRS from paying the For evaluation purposes, pursuant to §103D-1008, HRS, a tax-exempt bid submitted in response to a solicitation shall be increased by the applicable retail rate of general excise tax and the applicable use tax. Under no circumstance shall the dollar amount of the award include the aforementioned adjustment.

12. Bid Price. Bid price shall include all costs for labor, supervision, equipment, materials and supplies, all applicable taxes, and any other incidental and operational expenses incurred to provide services as specified herein. Unit Bid Price shall be the all-inclusive cost to the DOE; no other charges will be honored. Unit Bid Price shall be applicable to additional classroom cleaning services as requested by the school.

13. Bidder Information. Bidder shall provide information regarding its company information on the appropriate Offer Page.

14. Liability Insurance. Work included under this agreement requires the provision of liability and property damage insurance, to remain in full force and effect during the life of this contract. Bidder shall refer to *Liability Insurance* clause for additional information regarding this requirement.

Accordingly, bidder should consider these insurance requirements when preparing this bid. Bidder shall provide insurance information as requested on Offer Page OF-2.

15. Submission of Bid

Bids shall be submitted in a sealed envelope identified with the IFB number, and the name and address of the bidder.

Bids shall be received at the DOE, Procurement and Contracts Branch, 94-275 Mokuola Street, Room 200, Waipahu, Hawaii 96797, no later than the date and time stated on the cover page of the IFB. Timely receipt of offers shall be evidenced by the date and time registered by PCB's time stamp clock. Bids received after the deadline shall be returned unopened.

Submission of a bid shall constitute an incontrovertible representation by the bidder of compliance with every requirement of this IFB, and that the IFB documents are sufficient in scope and detail to indicate and convey reasonable understanding of all terms and conditions of performance of the work.

Before submitting a proposal, each bidder must:

1. examine the solicitation documents thoroughly for defects and questionable or objectionable material. Solicitation documents include this IFB, any attachments, plans referred to herein, and

any other relevant documentation. Comments must be submitted in writing and received by the DOE, PCB by **November 10, 2010**. This will allow for issuance of addenda, if necessary, and also prevents against the opening of defective offers.

2. become familiar with State, local, and federal laws, ordinances, rules, and regulations that may in any manner affect cost, progress, or performance of the work.

Bidder shall submit offer using the exact forms or reproductions of such forms as provided and as otherwise instructed by this IFB. Faxed or electronically submitted offers will not be accepted or acknowledged and will be automatically rejected.

The specifications, Special Conditions, General Conditions and other documents referenced in or attached to the offer shall be considered a part of the offer submitted, whether or not attached to the offer at the time of submission. Such documents shall not be altered in any way; any alterations so made by the bidder may result in rejection of the offer.

An offer that contains any omission, erasure, addition not called for, conditional offer or irregularity of any kind may be rejected. Corrections, if necessary, shall be made by lining out the materials to be corrected and by inserting the correction as close to the line-out as possible. Every such correction must be initialed by the person who signed the offer.

Bidder shall submit his signed offer in a sealed envelope. The envelope shall be clearly identified with the company's name and address on the upper left corner and the IFB number and due date on the lower left corner.

Bids will be received only until the hour and date set for the opening. Whether or not offers are opened exactly at the established deadline, none will be received after that time. Unless otherwise stated, Bidder shall submit only one (1) offer. If more than one offer is submitted, all offers shall be rejected for that item.

16. Confidential Information

If a Bidder believes that any portion of his proposal contains information that should be withheld as confidential, then the Procurement & Contracts Branch should be so advised in writing.

Bidder shall request in writing nondisclosure of designated trade secrets or other proprietary data to be confidential. Such data shall accompany the bid, be clearly marked, and shall be readily separable from the bid in order to facilitate eventual public inspection of the non-confidential portion of the bid.

Pursuant to Section 3-122-58, Hawaii Administrative Rules (HAR), the head of the purchasing agency or designee shall consult with the Attorney General and make a written determination in accordance with Chapter 92F, Hawaii Revised Statutes (HRS). If the request for confidentiality is denied, such information shall be disclosed as public information, unless the person appeals the denial to the Office of Information Practices in accordance with Section 92F-42(12), HRS.

17. Certification of Independent Cost Determination

By submitting a bid in response to this solicitation, bidder certifies as follows:

- a. The costs in this IFB have been arrived at independently, without consultation, communication, or agreement with any other bidder, as to any matter relating to such costs for the purpose of restricting competition.
- b. Unless otherwise required by law, the costs which have been quoted in this IFB have not been knowingly disclosed by the bidder prior to award, directly or indirectly, to any other bidder or competitor prior to the award of the contract.

- c. No other attempt has been made or will be made by the bidder to indicate any other person or firm to submit or not to submit for the purpose of restricting competition.

18. Acceptance of Bid

Acceptance of bid, if any, will be made within 30 calendar days after the opening of bids and the prices quoted by the Bidder shall remain firm for the 30 day period.

BID EVALUATION

19. Disqualification of Offers

Any one or more of the following causes will be considered as sufficient for disqualification of the offer:

- a. Offer not signed by an authorized individual.
- b. More than one offer from an individual, firm, corporation or joint venture under the same or different names.
- c. Evidence of collusion among bidders or prices obviously unbalanced, lack of responsibility and cooperation as shown by past work, being in arrears on existing contracts with the State of Hawaii, or defaulting on previous contract(s).
- d. Lack of proper equipment and/or sufficient experience to perform the work contemplated.
- e. Offer received after specified deadline for opening of offers.
- f. Evidence of any noncompliance with any applicable law, any unauthorized additions or deletions, of submission of conditional offer, incomplete offer, or irregularities of any kind which may make the offer incomplete, indefinite, or ambiguous as to its meaning.

20. Method of Award

Award, if made, shall be made to the responsive and responsible Bidder submitting the lowest Total Sum Bid Price, Items 1 & 2. Bidder must bid on both items to qualify for award. If the Total Sum Bid Price of the qualified low bid exceeds allotted funds, the DOE shall have the option to shorten the contract period or decrease scope to allow award to be made within the allotted funds.

21. Protest

Pursuant to §103D-701, HRS and §126, HAR, "Legal and Contractual Remedies", a protest of the solicitation must be made prior to bid opening, and a protest of an award or proposed award shall be submitted within five (5) working days after the posting of award of the contract. The notice of award letter(s) resulting from this solicitation shall be posted in the DOE Procurement and Contracts Branch at the Waipahu Civic Center, 94-275 Mokuola Street, Room 200, Waipahu, Hawaii 96797.

Any protest pursuant to §103D-701, HRS and §126, HAR, "Legal and Contractual Remedies" shall be submitted in writing to the DOE's Chief Procurement Officer, c/o the Procurement Office at the above address.

CONTRACT EXECUTION

22. Contract Award

Contractor receiving award(s) of \$25,000 or more shall be required to enter into a formal written contract. A performance bond is not required for this IFB. Upon execution of contract, the DOE will issue a fully executed copy to the Contractor. No work will be undertaken by the Contractor prior to the commencement date specified on the contract. The DOE is not liable for any work, contract costs, expenses, loss of profits, or any damages whatsoever incurred by the Contractor prior to official starting date.

23. Responsibility of Contractor

Contractor shall furnish proof of compliance with these requirements of §3-122-112, HAR:

- Chapter 237, tax clearance;
- Chapter 383, unemployment insurance;
- Chapter 386, workers' compensation;
- Chapter 392, temporary disability insurance;
- Chapter 393, prepaid health care; and
- One of the following:
 1. Be registered and incorporated or organized under the laws of the State of Hawaii (hereinafter referred to as a "Hawaii business"); or
 2. Be registered to do business in the State of Hawaii (hereinafter referred to as a "compliant non-Hawaii business").

The following documents shall be submitted to the DOE, PCB as proof of compliance with the above-referenced requirements. Each certificate must be valid for six (6) months from the most recent approval date.

1. DOTAX *Tax Clearance Certificate*
 - instructions: <http://www.hawaii.gov/tax/2006/a6ins.pdf>
 - form: <http://www.hawaii.gov/tax/2006/a6.pdf>;
2. DLIR *Certificate of Compliance* (regarding Unemployment Insurance, Workers' Compensation, Temporary Disability Insurance, and Prepaid Health Care);
 - instructions & form: http://hawaii.gov/labor/forms/LIR27_11-29-04.pdf
3. DCCA *Certificate of Good Standing* (sole proprietorships are not required to register with the DCCA and are therefore not required to submit this certificate)
 - <http://www.ehawaii.gov/org/dcca/cogs/exe/cog.cgi>

24. Hawaii Compliance Express.

Alternately, instead of separately obtaining these certificates from each of the respective State departments, Contractors may choose to obtain a *Certificate of Vendor Compliance* through the Hawaii Compliance Express (HCE). This service allows Contractors to register online through a simple wizard interface at <http://vendors.ehawaii.gov/hce/splash/welcome.html>. The *Certificate of Vendor Compliance* provides current compliance status as of the issuance date, satisfies requirements of Chapter 103D-310(c), HRS, and is therefore acceptable for contracting purposes. Contractors that elect to use HCE services are required to pay an annual fee of (at least) fifteen dollars (\$15.00) to the Hawaii Information Consortium, LLC (HIC).

25. Timely Submission of All Certificates

The above certificates should be applied for and submitted to the DOE, PCB as soon as possible. If a valid certificate is not submitted on a timely basis for award of a contract, an offer otherwise responsive and responsible may not receive the award.

26. Failure to Execute Contract

Failure to execute a contract as required within ten (10) calendar days or such further time as the Superintendent may allow after the Bidder has received the contract for execution shall be just cause for the annulment of the award. The Superintendent may award the contract to the next lowest responsible Bidder or may call for other offers, whichever is deemed to be in the best interest of the DOE.

27. Commencement of Work

Work will commence on January 1, 2011.

No work will be undertaken by the Contractor prior to the official commencement date. The DOE is not liable for any work, contract, costs, expenses, loss of profits, or any damage whatsoever incurred by the Contractor prior to January 1, 2011.

28. Lack of Funds

Pursuant to Section 103D-309, HRS, except in certain instances, no contract entered into between the Department and the Contractor shall be binding or of any force unless the Superintendent certifies that there is an available unexpended appropriation or balance of an appropriation over and above all outstanding contracts sufficient to cover the amount required by the contract.

The Department reserves the right to increase or decrease the quantity of any item or to delete any item to be within available funds.

If the contract calls for performance or payment in more than one fiscal year (July 1 to June 30), the Superintendent may certify only that portion of the total funds allocated to satisfy the Department's obligations for payments in the current fiscal year. In that event, the Department will not be liable for the unpaid balance beyond the end of the current fiscal year, and availability of funds in excess of the amount certified shall be contingent upon future appropriations or special fund revenues. All partially-funded contracts shall be enforceable only to the extent that funds are certified as available. The Department agrees to notify the Contractor of such non-allocation at the earliest possible time. The Department shall not be penalized in the event this provision is exercised. This provision is not meant to permit the Department to terminate the contract in order to acquire similar equipment from a third party.

29. Liability Insurance

The Contractor shall, at its own expense, secure and maintain liability and property damage insurance throughout the term of the contract. This insurance shall protect the Contractor and his subcontractors, if any, from claims for damages for personal injury, accidental death and property damage which may arise from operations under this contract, whether such operations be by himself or by a subcontractor or anyone directly or indirectly employed by either of them. If any subcontractor is involved in the performance of the contract, the insurance policy or policies shall name the subcontractor as additional insured.

As an alternative to the Contractor providing insurance to cover operations performed by a subcontractor and naming the subcontractor as additional insured, Contractor may require subcontractor to provide its own insurance which meets the requirements herein. It is understood that a subcontractor's insurance policy(ies) are in addition to the Contractor's own policy or policies.

The following minimum insurance coverage(s) and limit(s) shall be provided by the Contractor, including its subcontractor(s) where appropriate:

- Commercial General Liability: The commercial general liability insurance covering all operations by or on behalf of the Contractor on an occurrence basis against claims for personal injury (including bodily injury and death) and property damage (including loss of use). Such insurance shall have these minimum limits and coverage:
 - \$1,000,000 each occurrence;
 - \$2,000,000 general aggregate on a "per project" basis
- Commercial Automobile Liability: Such insurance shall have a minimum limits and coverage of not less than \$1,000,000 per accident.

Each insurance policy required by this contract, including a subcontractor's policy, shall contain the following clauses:

- 1) "This insurance shall not be canceled, limited in scope of coverage or non-renewed until after 30 days written notice has been given to the State of Hawaii, Department of Education, PCB, 94-275 Mokuola Street, Room 200, Waipahu, Hawaii 96797."
- 2) "The State of Hawaii is added as an additional insured as respects to operations performed for the State of Hawaii."
- 3) "It is agreed that any insurance maintained by the State of Hawaii will apply in excess of, and not contribute with, insurance provided by this policy."

The minimum insurance required shall be in full compliance with the Hawaii Insurance Code throughout the entire term of the contract, including extensions of the term. Each insurance policy shall be written by 1) an insurance company licensed to do business in the State of Hawaii, or 2) if not licensed by the State of Hawaii, an insurance company which meets section 431:8-301 Hawaii Revised Statutes.

Prior to execution of the contract, the Contractor agrees to furnish the DOE certificate(s) of insurance necessary to satisfy the DOE that the insurance requirements of this contract have been complied with and to keep such insurance in effect and the certificate(s) therefore on deposit with the DOE during the entire term of this contract, including those of its subcontractor(s), where appropriate. Contractor shall furnish complete certified copies of Contractor's and any subcontractor's policies to the DOE within ten (10) working days of request by the DOE.

Failure to secure and maintain the required insurance in accordance with this section shall be regarded as material default under this Contract entitling the DOE to exercise any or all remedies provided by law. This may include reimbursing the State of Hawaii for funds should the State be forced to expend funds that would have been covered by the Contractor's insurance.

All insurance described herein shall be primary and cover the insured for all work to be performed under the contract and all incidental work performed or directly/indirectly connected.

The procuring of such required insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy(ies) of insurance, Contractor shall be obliged for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this contract.

PERFORMANCE OF CONTRACT

40. Authority of the DOE

The DOE shall decide all questions which may arise as to the work performed, as to the manner of such performance, as to the interpretation of any term, condition or provision, as to the applicability and interpretation of any law, rule or regulation, policies and procedures, as to compensation, or additional reason to service, and as to any other matter which may arise under the Contract. The decision of the DOE in such matters shall be final provided that decision is not in violation of law and not arbitrary, capricious or characterized by abuse of discretion.

41. Inspections

All work done and all materials furnished shall be subject to random periodic inspection and approval by the CA to verify that the services rendered are in accordance with requirements and intentions of these Special Conditions, the Specifications, and the General Conditions. The CA may require additional information as necessary to maintain a record of the service rendered, and also request that the Contractor accompany

him on field inspections to be scheduled periodically.

PAYMENT

42. Invoicing

On a monthly basis, Contractor shall submit an **original** certified invoice, including the Project Name and school, contract number and the service period (Month/Year) to:

Department of Education
James B. Castle High School
45-386 Kaneohe Bay Drive
Kaneohe, Hawaii 96744
Attention: Mr. Meredith Maeda

Invoice shall include an itemized listing of dates of service and total price.

43. Payment

The failure by the Contractor to comply with any of the terms of this agreement may result in delay and/or withholding of payment. The parties agree that the particular requirements stated herein are of great importance to the DOE and failure on the Contractor's part to perform will result in the withholding of payment unless and until the Contractor performs to DOE satisfaction by meeting all of these requirements.

Section 103-10, HRS, provides that the State shall have thirty (30) calendar days after receipt of invoice or satisfactory completion of contract to make payment. For this reason, the DOE may reject any bid submitted with a condition requiring payment within a shorter period. Further, the DOE may reject any bid submitted with a condition requiring interest payments greater than that allowed by §103-10, HRS, as amended.

The DOE will not recognize any requirement established by the Contractor and communicated to the DOE after award of the contract, which requires payment within a shorter period or interest payment not in conformance with statute.

The **final payment** on the contract shall be for services rendered during the billing period just prior to the contract anniversary date.

The following shall accompany the final payment invoice:

- A valid (not over 2 months old) and **original** *Tax Clearance Certificate* (TCC) must accompany the final payment invoice. In accordance with Section 103-53, HRS, all Contractors must provide a TCC from the State of Hawaii Department of Taxation and the U.S. Internal Revenue Service as a prerequisite to receipt of final payment.
- The attached *Certification of Compliance for Final Payment* (DOE Form-22) with an original signature of an authorized representative of the Contractor.
- In lieu of the above, Contractor may submit an original *Certificate of Vendor Compliance* as issued by the State Procurement Office via an online system, also referred to as "Hawaii Compliance Express". Details regarding this online application process can be viewed at: <http://vendors.ehawaii.gov/hce/>.

APPROVALS

44. State's General Conditions

Nothing in the Special Conditions shall supersede the General Conditions attached hereto. The Special Conditions shall serve to supplement the General Conditions, except where a conflict exists between the General Conditions and Special Conditions, in which case the Special Conditions shall apply.

45. Approvals

Any agreement arising out of this offer may be subject to the approval of the Department of the Attorney General as to form, and is subject to all further approvals, including the approval of the Governor, required by statute, regulation, rule, order, or other directive.

CERTIFICATION OF COMPLIANCE FOR FINAL PAYMENT

(Reference §3-122-112, HAR)

Reference: _____
(Contract Number) (Contract Title)

_____ affirms it is in
(Company Name)

compliance with all laws, as applicable, governing doing business in the State of Hawaii to include the following:

1. Chapter 383, HRS, Hawaii Employment Security Law – Unemployment Insurance;
2. Chapter 386, HRS, Worker's Compensation Law;
3. Chapter 392, HRS, Temporary Disability Insurance;
4. Chapter 393, HRS, Prepaid Health Care Act; and

maintains a "Certificate of Good Standing" from the Department of Commerce and Consumer Affairs, Business Registration Division.

_____ further
(Company Name)

acknowledges that making a false statement shall cause its suspension and may cause its debarment from future awards of contracts.

Signature: _____

Print Name: _____

Title: _____

Date: _____

GENERAL CONDITIONS

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GENERAL CONDITIONS

1. Coordination of Services by the STATE. The head of the purchasing agency ("HOPA") (which term includes the designee of the HOPA) shall coordinate the services to be provided by the CONTRACTOR in order to complete the performance required in the Contract. The CONTRACTOR shall maintain communications with HOPA at all stages of the CONTRACTOR'S work, and submit to HOPA for resolution any questions which may arise as to the performance of this Contract. "Purchasing agency" as used in these General Conditions means and includes any governmental body which is authorized under chapter 103D, HRS, or its implementing rules and procedures, or by way of delegation, to enter into contracts for the procurement of goods or services or both.
2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.
 - a. In the performance of services required under this Contract, the CONTRACTOR is an "independent contractor," with the authority and responsibility to control and direct the performance and details of the work and services required under this Contract; however, the STATE shall have a general right to inspect work in progress to determine whether, in the STATE'S opinion, the services are being performed by the CONTRACTOR in compliance with this Contract. Unless otherwise provided by special condition, it is understood that the STATE does not agree to use the CONTRACTOR exclusively, and that the CONTRACTOR is free to contract to provide services to other individuals or entities while under contract with the STATE.
 - b. The CONTRACTOR and the CONTRACTOR'S employees and agents are not by reason of this Contract, agents or employees of the State for any purpose, and the CONTRACTOR and the CONTRACTOR'S employees and agents shall not be entitled to claim or receive from the State any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.
 - c. The CONTRACTOR shall be responsible for the accuracy, completeness, and adequacy of the CONTRACTOR'S performance under this Contract. Furthermore, the CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability to the CONTRACTOR'S employees and agents, and to any individual not a party to this Contract, for all loss, damage, or injury caused by the CONTRACTOR, or the CONTRACTOR'S employees or agents in the course of their employment.
 - d. The CONTRACTOR shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the CONTRACTOR by reason of this Contract, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, and (iii) general excise taxes. The CONTRACTOR also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Contract.
 - e. The CONTRACTOR shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, HRS, and shall comply with all requirements thereof. The CONTRACTOR shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid and submit the same to the STATE prior to commencing any performance under this Contract. The CONTRACTOR shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, HRS, and paragraph 17 of these General Conditions.
 - f. The CONTRACTOR is responsible for securing all employee-related insurance coverage for the CONTRACTOR and the CONTRACTOR'S employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

- g. The CONTRACTOR shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- h. The CONTRACTOR shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- i. In lieu of the above certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the CONTRACTOR may submit proof of compliance through the State Procurement Office's designated certification process.

3. Personnel Requirements.

- a. The CONTRACTOR shall secure, at the CONTRACTOR'S own expense, all personnel required to perform this Contract.
- b. The CONTRACTOR shall ensure that the CONTRACTOR'S employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, state, or county law, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied.

4. Nondiscrimination. No person performing work under this Contract, including any subcontractor, employee, or agent of the CONTRACTOR, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

5. Conflicts of Interest. The CONTRACTOR represents that neither the CONTRACTOR, nor any employee or agent of the CONTRACTOR, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the CONTRACTOR'S performance under this Contract.

6. Subcontracts and Assignments. The CONTRACTOR shall not assign or subcontract any of the CONTRACTOR'S duties, obligations, or interests under this Contract and no such assignment or subcontract shall be effective unless (i) the CONTRACTOR obtains the prior written consent of the STATE, and (ii) the CONTRACTOR'S assignee or subcontractor submits to the STATE a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR'S assignee or subcontractor have been paid. Additionally, no assignment by the CONTRACTOR of the CONTRACTOR'S right to compensation under this Contract shall be effective unless and until the assignment is approved by the Comptroller of the State of Hawaii, as provided in section 40-58, HRS.

- a. Recognition of a successor in interest. When in the best interest of the State, a successor in interest may be recognized in an assignment contract in which the STATE, the CONTRACTOR and the assignee or transferee (hereinafter referred to as the "Assignee") agree that:

- (1) The Assignee assumes all of the CONTRACTOR'S obligations;
- (2) The CONTRACTOR remains liable for all obligations under this Contract but waives all rights under this Contract as against the STATE; and
- (3) The CONTRACTOR shall continue to furnish, and the Assignee shall also furnish, all required bonds.

- b. Change of name. When the CONTRACTOR asks to change the name in which it holds this Contract with the STATE, the procurement officer of the purchasing agency (hereinafter referred to as the "Agency procurement officer") shall, upon receipt of a document acceptable or satisfactory to the

Agency procurement officer indicating such change of name (for example, an amendment to the CONTRACTOR'S articles of incorporation), enter into an amendment to this Contract with the CONTRACTOR to effect such a change of name. The amendment to this Contract changing the CONTRACTOR'S name shall specifically indicate that no other terms and conditions of this Contract are thereby changed.

- c. Reports. All assignment contracts and amendments to this Contract effecting changes of the CONTRACTOR'S name or novations hereunder shall be reported to the chief procurement officer (CPO) as defined in section 103D-203(a), HRS, within thirty days of the date that the assignment contract or amendment becomes effective.
 - d. Actions affecting more than one purchasing agency. Notwithstanding the provisions of subparagraphs 6a through 6c herein, when the CONTRACTOR holds contracts with more than one purchasing agency of the State, the assignment contracts and the novation and change of name amendments herein authorized shall be processed only through the CPO's office.
- 7. Indemnification and Defense. The CONTRACTOR shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of the CONTRACTOR or the CONTRACTOR'S employees, officers, agents, or subcontractors under this Contract. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.
 - 8. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR in connection with this Contract, the CONTRACTOR shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.
 - 9. Liquidated Damages. When the CONTRACTOR is given notice of delay or nonperformance as specified in paragraph 13 (Termination for Default) and fails to cure in the time specified, it is agreed the CONTRACTOR shall pay to the STATE the amount, if any, set forth in this Contract per calendar day from the date set for cure until either (i) the STATE reasonably obtains similar goods or services, or both, if the CONTRACTOR is terminated for default, or (ii) until the CONTRACTOR provides the goods or services, or both, if the CONTRACTOR is not terminated for default. To the extent that the CONTRACTOR'S delay or nonperformance is excused under paragraph 13d (Excuse for Nonperformance or Delay Performance), liquidated damages shall not be assessable against the CONTRACTOR. The CONTRACTOR remains liable for damages caused other than by delay.
 - 10. STATE'S Right of Offset. The STATE may offset against any monies or other obligations the STATE owes to the CONTRACTOR under this Contract, any amounts owed to the State of Hawaii by the CONTRACTOR under this Contract or any other contracts, or pursuant to any law or other obligation owed to the State of Hawaii by the CONTRACTOR, including, without limitation, the payment of any taxes or levies of any kind or nature. The STATE will notify the CONTRACTOR in writing of any offset and the nature of such offset. For purposes of this paragraph, amounts owed to the State of Hawaii shall not include debts or obligations which have been liquidated, agreed to by the CONTRACTOR, and are covered by an installment payment or other settlement plan approved by the State of Hawaii, provided, however, that the CONTRACTOR shall be entitled to such exclusion only to the extent that the CONTRACTOR is current with, and not delinquent on, any payments or obligations owed to the State of Hawaii under such payment or other settlement plan.
 - 11. Disputes. Disputes shall be resolved in accordance with section 103D-703, HRS, and chapter 3-126, Hawaii Administrative Rules ("HAR"), as the same may be amended from time to time.
 - 12. Suspension of Contract. The STATE reserves the right at any time and for any reason to suspend this Contract for any reasonable period, upon written notice to the CONTRACTOR in accordance with the provisions herein.
 - a. Order to stop performance. The Agency procurement officer may, by written order to the CONTRACTOR, at any time, and without notice to any surety, require the CONTRACTOR to stop all or any part of the performance called for by this Contract. This order shall be for a specified

period not exceeding sixty (60) days after the order is delivered to the CONTRACTOR, unless the parties agree to any further period. Any such order shall be identified specifically as a stop performance order issued pursuant to this section. Stop performance orders shall include, as appropriate: (1) A clear description of the work to be suspended; (2) Instructions as to the issuance of further orders by the CONTRACTOR for material or services; (3) Guidance as to action to be taken on subcontracts; and (4) Other instructions and suggestions to the CONTRACTOR for minimizing costs. Upon receipt of such an order, the CONTRACTOR shall forthwith comply with its terms and suspend all performance under this Contract at the time stated, provided, however, the CONTRACTOR shall take all reasonable steps to minimize the occurrence of costs allocable to the performance covered by the order during the period of performance stoppage. Before the stop performance order expires, or within any further period to which the parties shall have agreed, the Agency procurement officer shall either:

- (1) Cancel the stop performance order; or
 - (2) Terminate the performance covered by such order as provided in the termination for default provision or the termination for convenience provision of this Contract.
- b. Cancellation or expiration of the order. If a stop performance order issued under this section is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the CONTRACTOR shall have the right to resume performance. An appropriate adjustment shall be made in the delivery schedule or contract price, or both, and the Contract shall be modified in writing accordingly, if:
- (1) The stop performance order results in an increase in the time required for, or in the CONTRACTOR'S cost properly allocable to, the performance of any part of this Contract; and
 - (2) The CONTRACTOR asserts a claim for such an adjustment within thirty (30) days after the end of the period of performance stoppage; provided that, if the Agency procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.
- c. Termination of stopped performance. If a stop performance order is not cancelled and the performance covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop performance order shall be allowable by adjustment or otherwise.
- d. Adjustment of price. Any adjustment in contract price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

13. Termination for Default.

- a. Default. If the CONTRACTOR refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified in this Contract, or any extension thereof, otherwise fails to timely satisfy the Contract provisions, or commits any other substantial breach of this Contract, the Agency procurement officer may notify the CONTRACTOR in writing of the delay or non-performance and if not cured in ten (10) days or any longer time specified in writing by the Agency procurement officer, such officer may terminate the CONTRACTOR'S right to proceed with the Contract or such part of the Contract as to which there has been delay or a failure to properly perform. In the event of termination in whole or in part, the Agency procurement officer may procure similar goods or services in a manner and upon the terms deemed appropriate by the Agency procurement officer. The CONTRACTOR shall continue performance of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.
- b. CONTRACTOR'S duties. Notwithstanding termination of the Contract and subject to any directions from the Agency procurement officer, the CONTRACTOR shall take timely, reasonable, and

necessary action to protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest.

- c. Compensation. Payment for completed goods and services delivered and accepted by the STATE shall be at the price set forth in the Contract. Payment for the protection and preservation of property shall be in an amount agreed upon by the CONTRACTOR and the Agency procurement officer. If the parties fail to agree, the Agency procurement officer shall set an amount subject to the CONTRACTOR'S rights under chapter 3-126, HAR. The STATE may withhold from amounts due the CONTRACTOR such sums as the Agency procurement officer deems to be necessary to protect the STATE against loss because of outstanding liens or claims and to reimburse the STATE for the excess costs expected to be incurred by the STATE in procuring similar goods and services.
- d. Excuse for nonperformance or delayed performance. The CONTRACTOR shall not be in default by reason of any failure in performance of this Contract in accordance with its terms, including any failure by the CONTRACTOR to make progress in the prosecution of the performance hereunder which endangers such performance, if the CONTRACTOR has notified the Agency procurement officer within fifteen (15) days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts of the State and any other governmental body in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or to make progress, and if such failure arises out of causes similar to those set forth above, the CONTRACTOR shall not be deemed to be in default, unless the goods and services to be furnished by the subcontractor were reasonably obtainable from other sources in sufficient time to permit the CONTRACTOR to meet the requirements of the Contract. Upon request of the CONTRACTOR, the Agency procurement officer shall ascertain the facts and extent of such failure, and, if such officer determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the CONTRACTOR'S progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the STATE under this Contract. As used in this paragraph, the term "subcontractor" means subcontractor at any tier.
- e. Erroneous termination for default. If, after notice of termination of the CONTRACTOR'S right to proceed under this paragraph, it is determined for any reason that the CONTRACTOR was not in default under this paragraph, or that the delay was excusable under the provisions of subparagraph 13d, "Excuse for nonperformance or delayed performance," the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to paragraph 14.
- f. Additional rights and remedies. The rights and remedies provided in this paragraph are in addition to any other rights and remedies provided by law or under this Contract.

14. Termination for Convenience.

- a. Termination. The Agency procurement officer may, when the interests of the STATE so require, terminate this Contract in whole or in part, for the convenience of the STATE. The Agency procurement officer shall give written notice of the termination to the CONTRACTOR specifying the part of the Contract terminated and when termination becomes effective.
- b. CONTRACTOR'S obligations. The CONTRACTOR shall incur no further obligations in connection with the terminated performance and on the date(s) set in the notice of termination the CONTRACTOR will stop performance to the extent specified. The CONTRACTOR shall also terminate outstanding orders and subcontracts as they relate to the terminated performance. The CONTRACTOR shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated performance subject to the STATE'S approval. The Agency procurement officer may direct the CONTRACTOR to assign the CONTRACTOR'S right, title, and interest under terminated orders or subcontracts to the STATE. The CONTRACTOR must still complete the performance not terminated by the notice of termination and may incur obligations as necessary to do so.

- c. Right to goods and work product. The Agency procurement officer may require the CONTRACTOR to transfer title and deliver to the STATE in the manner and to the extent directed by the Agency procurement officer:

- (1) Any completed goods or work product; and
- (2) The partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the CONTRACTOR has specifically produced or specially acquired for the performance of the terminated part of this Contract.

The CONTRACTOR shall, upon direction of the Agency procurement officer, protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest. If the Agency procurement officer does not exercise this right, the CONTRACTOR shall use best efforts to sell such goods and manufacturing materials. Use of this paragraph in no way implies that the STATE has breached the Contract by exercise of the termination for convenience provision.

- d. Compensation.

- (1) The CONTRACTOR shall submit a termination claim specifying the amounts due because of the termination for convenience together with the cost or pricing data, submitted to the extent required by chapter 3-122, HAR, bearing on such claim. If the CONTRACTOR fails to file a termination claim within one year from the effective date of termination, the Agency procurement officer may pay the CONTRACTOR, if at all, an amount set in accordance with subparagraph 14d(3) below.
- (2) The Agency procurement officer and the CONTRACTOR may agree to a settlement provided the CONTRACTOR has filed a termination claim supported by cost or pricing data submitted as required and that the settlement does not exceed the total Contract price plus settlement costs reduced by payments previously made by the STATE, the proceeds of any sales of goods and manufacturing materials under subparagraph 14c, and the Contract price of the performance not terminated.
- (3) Absent complete agreement under subparagraph 14d(2) the Agency procurement officer shall pay the CONTRACTOR the following amounts, provided payments agreed to under subparagraph 14d(2) shall not duplicate payments under this subparagraph for the following:
 - (A) Contract prices for goods or services accepted under the Contract;
 - (B) Costs incurred in preparing to perform and performing the terminated portion of the performance plus a fair and reasonable profit on such portion of the performance, such profit shall not include anticipatory profit or consequential damages, less amounts paid or to be paid for accepted goods or services; provided, however, that if it appears that the CONTRACTOR would have sustained a loss if the entire Contract would have been completed, no profit shall be allowed or included and the amount of compensation shall be reduced to reflect the anticipated rate of loss;
 - (C) Costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to subparagraph 14b. These costs must not include costs paid in accordance with subparagraph 14d(3)(B);
 - (D) The reasonable settlement costs of the CONTRACTOR, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the Contract and for the termination of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to the terminated portion of this Contract. The total sum to be paid the CONTRACTOR under this subparagraph shall not exceed the

total Contract price plus the reasonable settlement costs of the CONTRACTOR reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under subparagraph 14d(2), and the contract price of performance not terminated.

- (4) Costs claimed, agreed to, or established under subparagraphs 14d(2) and 14d(3) shall be in accordance with Chapter 3-123 (Cost Principles) of the Procurement Rules.

15. Claims Based on the Agency Procurement Officer's Actions or Omissions.

- a. Changes in scope. If any action or omission on the part of the Agency procurement officer (which term includes the designee of such officer for purposes of this paragraph 15) requiring performance changes within the scope of the Contract constitutes the basis for a claim by the CONTRACTOR for additional compensation, damages, or an extension of time for completion, the CONTRACTOR shall continue with performance of the Contract in compliance with the directions or orders of such officials, but by so doing, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, damages, or an extension of time for completion; provided:
- (1) Written notice required. The CONTRACTOR shall give written notice to the Agency procurement officer:
- (A) Prior to the commencement of the performance involved, if at that time the CONTRACTOR knows of the occurrence of such action or omission;
- (B) Within thirty (30) days after the CONTRACTOR knows of the occurrence of such action or omission, if the CONTRACTOR did not have such knowledge prior to the commencement of the performance; or
- (C) Within such further time as may be allowed by the Agency procurement officer in writing.
- (2) Notice content. This notice shall state that the CONTRACTOR regards the act or omission as a reason which may entitle the CONTRACTOR to additional compensation, damages, or an extension of time. The Agency procurement officer, upon receipt of such notice, may rescind such action, remedy such omission, or take such other steps as may be deemed advisable in the discretion of the Agency procurement officer;
- (3) Basis must be explained. The notice required by subparagraph 15a(1) describes as clearly as practicable at the time the reasons why the CONTRACTOR believes that additional compensation, damages, or an extension of time may be remedies to which the CONTRACTOR is entitled; and
- (4) Claim must be justified. The CONTRACTOR must maintain and, upon request, make available to the Agency procurement officer within a reasonable time, detailed records to the extent practicable, and other documentation and evidence satisfactory to the STATE, justifying the claimed additional costs or an extension of time in connection with such changes.
- b. CONTRACTOR not excused. Nothing herein contained, however, shall excuse the CONTRACTOR from compliance with any rules or laws precluding any state officers and CONTRACTOR from acting in collusion or bad faith in issuing or performing change orders which are clearly not within the scope of the Contract.
- c. Price adjustment. Any adjustment in the price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

16. Costs and Expenses. Any reimbursement due the CONTRACTOR for per diem and transportation expenses under this Contract shall be subject to chapter 3-123 (Cost Principles), HAR, and the following guidelines:

- a. Reimbursement for air transportation shall be for actual cost or coach class air fare, whichever is less.
- b. Reimbursement for ground transportation costs shall not exceed the actual cost of renting an intermediate-sized vehicle.
- c. Unless prior written approval of the HOPA is obtained, reimbursement for subsistence allowance (i.e., hotel and meals, etc.) shall not exceed the applicable daily authorized rates for inter-island or out-of-state travel that are set forth in the current Governor's Executive Order authorizing adjustments in salaries and benefits for state officers and employees in the executive branch who are excluded from collective bargaining coverage.

17. Payment Procedures; Final Payment; Tax Clearance.

- a. Original invoices required. All payments under this Contract shall be made only upon submission by the CONTRACTOR of original invoices specifying the amount due and certifying that services requested under the Contract have been performed by the CONTRACTOR according to the Contract.
- b. Subject to available funds. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, HRS. Further, all payments shall be made in accordance with and subject to chapter 40, HRS.
- c. Prompt payment.
 - (1) Any money, other than retainage, paid to the CONTRACTOR shall be disbursed to subcontractors within ten (10) days after receipt of the money in accordance with the terms of the subcontract; provided that the subcontractor has met all the terms and conditions of the subcontract and there are no bona fide disputes; and
 - (2) Upon final payment to the CONTRACTOR, full payment to the subcontractor, including retainage, shall be made within ten (10) days after receipt of the money; provided that there are no bona fide disputes over the subcontractor's performance under the subcontract.
- d. Final payment. Final payment under this Contract shall be subject to sections 103-53 and 103D-328, HRS, which require a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid. Further, in accordance with section 3-122-112, HAR, CONTRACTOR shall provide a certificate affirming that the CONTRACTOR has remained in compliance with all applicable laws as required by this section.

18. Federal Funds. If this Contract is payable in whole or in part from federal funds, CONTRACTOR agrees that, as to the portion of the compensation under this Contract to be payable from federal funds, the CONTRACTOR shall be paid only from such funds received from the federal government, and shall not be paid from any other funds. Failure of the STATE to receive anticipated federal funds shall not be considered a breach by the STATE or an excuse for nonperformance by the CONTRACTOR.

19. Modifications of Contract.

- a. In writing. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract permitted by this Contract shall be made by written amendment to this Contract, signed by the CONTRACTOR and the STATE, provided that change orders shall be made in accordance with paragraph 20 herein.
- b. No oral modification. No oral modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract shall be permitted.

- c. Agency procurement officer. By written order, at any time, and without notice to any surety, the Agency procurement officer may unilaterally order of the CONTRACTOR:
 - (A) Changes in the work within the scope of the Contract; and
 - (B) Changes in the time of performance of the Contract that do not alter the scope of the Contract work.
 - d. Adjustments of price or time for performance. If any modification increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, an adjustment shall be made and this Contract modified in writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined, where applicable, in accordance with the price adjustment clause of this Contract or as negotiated.
 - e. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if written modification of the Contract is not made prior to final payment under this Contract.
 - f. Claims not barred. In the absence of a written contract modification, nothing in this clause shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under this Contract or for a breach of contract.
 - g. CPO approval. If this is a professional services contract awarded pursuant to section 103D-303 or 103D-304, HRS, any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract which increases the amount payable to the CONTRACTOR by at least \$25,000.00 or ten per cent (10%) of the initial contract price, whichever increase is higher, must receive the prior approval of the CPO.
 - h. Tax clearance. The STATE may, at its discretion, require the CONTRACTOR to submit to the STATE, prior to the STATE'S approval of any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract, a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid.
 - i. Sole source contracts. Amendments to sole source contracts that would change the original scope of the Contract may only be made with the approval of the CPO. Annual renewal of a sole source contract for services should not be submitted as an amendment.
20. Change Order. The Agency procurement officer may, by a written order signed only by the STATE, at any time, and without notice to any surety, and subject to all appropriate adjustments, make changes within the general scope of this Contract in any one or more of the following:
- (1) Drawings, designs, or specifications, if the goods or services to be furnished are to be specially provided to the STATE in accordance therewith;
 - (2) Method of delivery; or
 - (3) Place of delivery.
- a. Adjustments of price or time for performance. If any change order increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, an adjustment shall be made and the Contract modified in writing accordingly. Any adjustment in the Contract price made pursuant to this provision shall be determined in accordance with the price adjustment provision of this Contract. Failure of the parties to agree to an adjustment shall not excuse the CONTRACTOR from proceeding with the Contract as changed, provided that the Agency procurement officer promptly and duly makes the provisional adjustments in payment or time for performance as may be reasonable. By

proceeding with the work, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, or any extension of time for completion.

- b. Time period for claim. Within ten (10) days after receipt of a written change order under subparagraph 20a, unless the period is extended by the Agency procurement officer in writing, the CONTRACTOR shall respond with a claim for an adjustment. The requirement for a timely written response by CONTRACTOR cannot be waived and shall be a condition precedent to the assertion of a claim.
- c. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if a written response is not given prior to final payment under this Contract.
- d. Other claims not barred. In the absence of a change order, nothing in this paragraph 20 shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under the Contract or for breach of contract.

21. Price Adjustment.

- a. Price adjustment. Any adjustment in the contract price pursuant to a provision in this Contract shall be made in one or more of the following ways:
 - (1) By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
 - (2) By unit prices specified in the Contract or subsequently agreed upon;
 - (3) By the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as specified in the Contract or subsequently agreed upon;
 - (4) In such other manner as the parties may mutually agree; or
 - (5) In the absence of agreement between the parties, by a unilateral determination by the Agency procurement officer of the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as computed by the Agency procurement officer in accordance with generally accepted accounting principles and applicable sections of chapters 3-123 and 3-126, HAR.
- b. Submission of cost or pricing data. The CONTRACTOR shall provide cost or pricing data for any price adjustments subject to the provisions of chapter 3-122, HAR.

22. Variation in Quantity for Definite Quantity Contracts. Upon the agreement of the STATE and the CONTRACTOR, the quantity of goods or services, or both, if a definite quantity is specified in this Contract, may be increased by a maximum of ten per cent (10%); provided the unit prices will remain the same except for any price adjustments otherwise applicable; and the Agency procurement officer makes a written determination that such an increase will either be more economical than awarding another contract or that it would not be practical to award another contract.

23. Changes in Cost-Reimbursement Contract. If this Contract is a cost-reimbursement contract, the following provisions shall apply:

- a. The Agency procurement officer may at any time by written order, and without notice to the sureties, if any, make changes within the general scope of the Contract in any one or more of the following:
 - (1) Description of performance (Attachment 1);
 - (2) Time of performance (i.e., hours of the day, days of the week, etc.);
 - (3) Place of performance of services;

- (4) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the STATE in accordance with the drawings, designs, or specifications;
 - (5) Method of shipment or packing of supplies; or
 - (6) Place of delivery.
- b. If any change causes an increase or decrease in the estimated cost of, or the time required for performance of, any part of the performance under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Agency procurement officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.
 - c. The CONTRACTOR must assert the CONTRACTOR'S rights to an adjustment under this provision within thirty (30) days from the day of receipt of the written order. However, if the Agency procurement officer decides that the facts justify it, the Agency procurement officer may receive and act upon a proposal submitted before final payment under the Contract.
 - d. Failure to agree to any adjustment shall be a dispute under paragraph 11 of this Contract. However, nothing in this provision shall excuse the CONTRACTOR from proceeding with the Contract as changed.
 - e. Notwithstanding the terms and conditions of subparagraphs 23a and 23b, the estimated cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract.
24. Confidentiality of Material.
- a. All material given to or made available to the CONTRACTOR by virtue of this Contract, which is identified as proprietary or confidential information, will be safeguarded by the CONTRACTOR and shall not be disclosed to any individual or organization without the prior written approval of the STATE.
 - b. All information, data, or other material provided by the CONTRACTOR to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, HRS.
25. Publicity. The CONTRACTOR shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, including the HOPA, the CPO, the Agency procurement officer, or to the services or goods, or both, provided under this Contract, in any of the CONTRACTOR'S brochures, advertisements, or other publicity of the CONTRACTOR. All media contacts with the CONTRACTOR about the subject matter of this Contract shall be referred to the Agency procurement officer.
26. Ownership Rights and Copyright. The STATE shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, and all such material shall be considered "works made for hire." All such material shall be delivered to the STATE upon expiration or termination of this Contract. The STATE, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract.
27. Liens and Warranties. Goods provided under this Contract shall be provided free of all liens and provided together with all applicable warranties, or with the warranties described in the Contract documents, whichever are greater.

28. Audit of Books and Records of the CONTRACTOR. The STATE may, at reasonable times and places, audit the books and records of the CONTRACTOR, prospective contractor, subcontractor, or prospective subcontractor which are related to:
- a. The cost or pricing data, and
 - b. A state contract, including subcontracts, other than a firm fixed-price contract.
29. Cost or Pricing Data. Cost or pricing data must be submitted to the Agency procurement officer and timely certified as accurate for contracts over \$100,000 unless the contract is for a multiple-term or as otherwise specified by the Agency procurement officer. Unless otherwise required by the Agency procurement officer, cost or pricing data submission is not required for contracts awarded pursuant to competitive sealed bid procedures.
- If certified cost or pricing data are subsequently found to have been inaccurate, incomplete, or noncurrent as of the date stated in the certificate, the STATE is entitled to an adjustment of the contract price, including profit or fee, to exclude any significant sum by which the price, including profit or fee, was increased because of the defective data. It is presumed that overstated cost or pricing data increased the contract price in the amount of the defect plus related overhead and profit or fee. Therefore, unless there is a clear indication that the defective data was not used or relied upon, the price will be reduced in such amount.
30. Audit of Cost or Pricing Data. When cost or pricing principles are applicable, the STATE may require an audit of cost or pricing data.
31. Records Retention.
- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
 - (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.
32. Antitrust Claims. The STATE and the CONTRACTOR recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the purchaser. Therefore, the CONTRACTOR hereby assigns to STATE any and all claims for overcharges as to goods and materials purchased in connection with this Contract, except as to overcharges which result from violations commencing after the price is established under this Contract and which are not passed on to the STATE under an escalation clause.
33. Patented Articles. The CONTRACTOR shall defend, indemnify, and hold harmless the STATE, and its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys fees, and all claims, suits, and demands arising out of or resulting from any claims, demands, or actions by the patent holder for infringement or other improper or unauthorized use of any patented article, patented process, or patented appliance in connection with this Contract. The CONTRACTOR shall be solely responsible for correcting or curing to the satisfaction of the STATE any such infringement or improper or unauthorized use, including, without limitation: (a) furnishing at no cost to the STATE a substitute article, process, or appliance acceptable to the STATE, (b) paying royalties or other required payments to the patent holder, (c) obtaining proper authorizations or releases from the patent holder, and (d) furnishing such security to or making such arrangements with the patent holder as may be necessary to correct or cure any such infringement or improper or unauthorized use.

34. Governing Law. The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the parties to this Contract, shall be governed by the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Contract shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.
35. Compliance with Laws. The CONTRACTOR shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time, that in any way affect the CONTRACTOR'S performance of this Contract.
36. Conflict Between General Conditions and Procurement Rules. In the event of a conflict between the General Conditions and the procurement rules, the procurement rules in effect on the date this Contract became effective shall control and are hereby incorporated by reference.
37. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the CONTRACTOR relative to this Contract. This Contract supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the CONTRACTOR other than as set forth or as referred to herein.
38. Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Contract.
39. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE'S right to enforce the same in accordance with this Contract. The fact that the STATE specifically refers to one provision of the procurement rules or one section of the Hawaii Revised Statutes, and does not include other provisions or statutory sections in this Contract shall not constitute a waiver or relinquishment of the STATE'S rights or the CONTRACTOR'S obligations under the procurement rules or statutes.
40. Pollution Control. If during the performance of this Contract, the CONTRACTOR encounters a "release" or a "threatened release" of a reportable quantity of a "hazardous substance," "pollutant," or "contaminant" as those terms are defined in section 128D-1, HRS, the CONTRACTOR shall immediately notify the STATE and all other appropriate state, county, or federal agencies as required by law. The Contractor shall take all necessary actions, including stopping work, to avoid causing, contributing to, or making worse a release of a hazardous substance, pollutant, or contaminant, and shall promptly obey any orders the Environmental Protection Agency or the state Department of Health issues in response to the release. In the event there is an ensuing cease-work period, and the STATE determines that this Contract requires an adjustment of the time for performance, the Contract shall be modified in writing accordingly.
41. Campaign Contributions. The CONTRACTOR is hereby notified of the applicability of 11-205.5, HRS, which states that campaign contributions are prohibited from specified state or county government contractors during the terms of their contracts if the contractors are paid with funds appropriated by a legislative body.
42. Confidentiality of Personal Information.
- a. Definitions.
- "Personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either name or data elements are not encrypted:
- (1) Social security number;
 - (2) Driver's license number or Hawaii identification card number; or

- (3) Account number, credit or debit card number, access code, or password that would permit access to an individual's financial information.

Personal information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"Technological safeguards" means the technology and the policy and procedures for use of the technology to protect and control access to personal information.

b. Confidentiality of Material.

- (1) All material given to or made available to the CONTRACTOR by the STATE by virtue of this Contract which is identified as personal information, shall be safeguarded by the CONTRACTOR and shall not be disclosed without the prior written approval of the STATE.
- (2) CONTRACTOR agrees not to retain, use, or disclose personal information for any purpose other than as permitted or required by this Contract.
- (3) CONTRACTOR agrees to implement appropriate "technological safeguards" that are acceptable to the STATE to reduce the risk of unauthorized access to personal information.
- (4) CONTRACTOR shall report to the STATE in a prompt and complete manner any security breaches involving personal information.
- (5) CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR because of a use or disclosure of personal information by CONTRACTOR in violation of the requirements of this paragraph.
- (6) CONTRACTOR shall complete and retain a log of all disclosures made of personal information received from the STATE, or personal information created or received by CONTRACTOR on behalf of the STATE.

c. Security Awareness Training and Confidentiality Agreements.

- (1) CONTRACTOR certifies that all of its employees who will have access to the personal information have completed training on security awareness topics relating to protecting personal information.
- (2) CONTRACTOR certifies that confidentiality agreements have been signed by all of its employees who will have access to the personal information acknowledging that:
 - (A) The personal information collected, used, or maintained by the CONTRACTOR will be treated as confidential;
 - (B) Access to the personal information will be allowed only as necessary to perform the Contract; and
 - (C) Use of the personal information will be restricted to uses consistent with the services subject to this Contract.

d. Termination for Cause. In addition to any other remedies provided for by this Contract, if the STATE learns of a material breach by CONTRACTOR of this paragraph by CONTRACTOR, the STATE may at its sole discretion:

- (1) Provide an opportunity for the CONTRACTOR to cure the breach or end the violation; or
- (2) Immediately terminate this Contract.

In either instance, the CONTRACTOR and the STATE shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

e. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.